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Cochran, Thomas

Constructive industry

[New York?]

c1905

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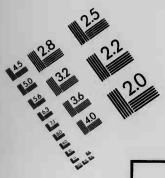
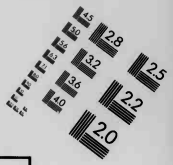
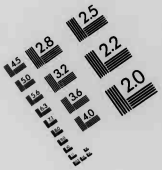
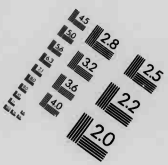

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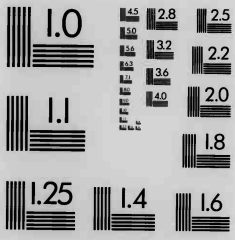

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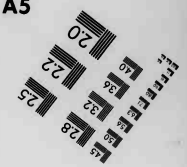
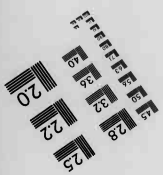
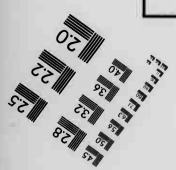
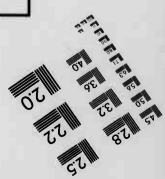

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A MONOGRAPH

By

THOMAS COCHRAN

To Hon Seth Low
Compliments of the Author

first copy from press
Thomas Cochran

Constructive Industry.

A MONOGRAPH

By

THOMAS COCHRAN.

A Plan for the Introduction of a Logical and Practical System of Industrial Government; for the Defeat of Paternalism and of Socialism in Civil Government; for the Correction of Trust, Tariff and Labor Abuses through the Separation of Civil Government from Industrial Economics, to the Purification of Both: For the Organization and Regulation of Capital, Labor and Management, Under a Protected Competitive System Which will Establish Justice, Determine Equity in Distribution, and Provide a System of Exchanges That will Maintain an Equitable Ratio Between Supply and Demand.

"Nothing is so difficult but that it may be found out by seeking."—TERENCE.

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The People Must be Helped to a More Rational Understanding of the Basic Principles of Industrial Economics, and of How They Can be Established, Lest a Ruinous Upheaval Overtake Us..... 25

COMPETITION AND RIVALRY: RESULTING TENDENCIES.

Under the old school of Political Economy, we have been taught to believe that the "rivalry" of buyers and sellers, being the competition of the market, caused the equitable adjustment of supply and demand; therefore, COMPETITION was said to be the great "regulative principle" which held in check the over-reaching designs of individuals and made their selfish efforts contribute to the general welfare; and it has been customary to accept this as the fundamental truth of economics, or the basic principle governing the industrial community.

COMPETITION* is defined as the struggle for some common object, carried into human affairs. It is, in general, the contest of individuals directed to the same goal. The method of ap-

*Crabb distinguishes between COMPETITION, EMULATION and RIVALRY as follows:

"COMPETITION expresses the relation of a competitor or the act of seeking the same object; EMULATION expresses a disposition of the mind towards particular objects; RIVALRY expresses both the relation and the diposition of a rival.

"Emulation is to competition as the motive to the action; emulation produces competitors, but it may exist without them; they have the same marks to distinguish them from rivalry. Competition and emulation have honor for their basis. Rivalry is but a desire for selfish gratification. A competitor strives to surpass by honest means; he cannot succeed so well by any other; a rival is not bound by any principle; he seeks to supplant by whatever means seem to promise success. An unfair competitor and a generous rival are equally unusual and inconsistent. Competition seeks to merit success; rivalry is contented with obtaining it."

pointing government officials under civil service rules, the contests of political parties, the often amusing contest of one city with another for population, the contest of employe with employe, and of merchant with merchant, in respect to diligence, merit, mechanical and commercial genius, quality and service, and a host of similar competitive contests are emulative; but when a shopman, merchant or manufacturer tries to draw custom by underselling competitors through adulteration, the use of short weights, or other fraudulent or unfair means, he becomes a rival, rather than an emulative competitor: and it is "RIVALRY," or the conflict of efforts of buyers and sellers, not competition, that we may consider as the regulative principle of the old school, and the primitive impulse governing exchange.

Contests are natural, and, when regulated, are wholesome and tend toward development. In the operation of natural forces, evolution is the result of natural selection and the survival of the fittest; but a condition of such selection and survival is the destruction of the weaker and less fit. When there is no regulation of contestants, competition ends in conflict, in which ethics and fairness are unknown, and it results in the advancement of one to the injury of others. THIS IS NOT TRUE CIVILIZATION.

If the "commercial rivalry" of the old school is, in any way, to the interest of the community at large, it is in every way irksome, and generally injurious, to competitors. It stifles the development of the moral sense, and always tends to prevent the correct relation of man to his fellows and to natural laws. It has caused com-

petitors to organize to secure the control of trade, exclude or destroy competition, and regulate arbitrarily the ratio of supply and demand with its resultant, price. It has caused the organization of great aggregations of capital and the merging of the rights of individuals in trades unions, which have sought to dominate entire fields of industrial enterprise, and it has been productive of strikes, boycotts, lock-outs, poverty and crime.

Such forms of organization have generally been accompanied by influential demands for government protection or favor, as exemplified originally in the mediæval guilds' charters, and latterly in subsidies, prohibitive tariffs, and other forms of discriminating legislation.

The abuses resulting from these forced conditions, and from combats among groups of rival organizations controlling among themselves an entire commodity, have led to a demand for government interference in industrial affairs and for increased government supervision, on the one hand, by these organizations in the direction of extreme Paternalism, and, on the other, and by a large element in the community, for government ownership and management of business enterprises, or Socialism. If these two opposite tendencies are not regulated, the spirit of American institutions cannot survive. **However, organization of the kind that will protect business, prices and wages, and at the same time make competition in the production, distribution and exchange of wealth more equitable and just, is necessary, and without such organization the colossal growth of modern trade cannot be sustained.**

PROTECTION,—AND ITS LIMITATIONS; SOCIALISM: THE FUNCTIONS OF GOVERNMENT.

The principle of protection is established, as to prices of staple commodities, on the theory that it conserves the interests of labor and capital employed in their production.

No provision is made, however, by this form of protection for equity in distribution.

In a measure such provision has been made by more or less imperfect and inefficient forms of organization of labor, having, for the most part, a merely local effect.

Now it may be stated as a general principle, that price is fixed by capital and is monopolistic, and, further, that capital will seek the cheapest locality and means of production and the highest market for its products, and it is, therefore, not local in its operation. Thus we have a protected monopolistic price and an unprotected competitive wage.

The results of this inequitable combination have been disastrous to labor and to the vested interests of capital.

State and local organizations of labor, strong within the territorial limits of their communities, have repeatedly, by misguided demands, caused capital to seek cheaper labor markets. Occasionally this has resulted in the bodily transfer of the sustaining industry of a large community to a cheaper labor market; more frequently, however, rival communities, offering labor at lower cost, including child labor and convict labor under contract, have promoted rival industrial enterprises which, by reason of smaller cost

of production and consequent ability to undersell, have secured the control of the market and the destruction of equitable competition.

It is obvious that past and, to a much greater degree, present economic conditions, by reason of perversion, through monopolistic combinations, of the natural law of supply and demand, constitute the cause of the present conflicts between Labor and Capital, and these conflicts, in turn, lacking any means of adjustment or of regulation of their cause, have affected unfairly the welfare of the entire community.

Without such means of regulation it is impossible to arrange in detail the relation of production, prices, and wages, make competition emulative and establish the operation of the basic principles of Industrial Economics.

SOCIALISM.

The broadest expression of dissatisfaction with present conditions and tendencies is Socialism.

In varying degrees it advocates community, municipal and other forms of government ownership of wealth, and the control of the machinery for its production; and its advocates claim that this is a province of civil government. Its more conservative exponents confine their claims to public service corporations, including transportation, telegraph, etc., while the extremists would apply this principle to the distribution as well as to the production of wealth, to the elimination of private ownership. To the extent that socialism waives personal rights for the benefit of others, it is, within reasonable limits, commendable; to the extent that it seeks to restrain monopoly and

secure equity by constitutional legislation it may contribute to the welfare of the community and of the state; but the tendency of Socialism is always toward confusion of the functions of the state with the private duties and enterprises of the individual.

Socialism is a plan of distribution, not a system organized for production. It would destroy much of the present machinery of production and waste valuable factors in management, instead of regulating them. It is in one sense a criticism of present distributive agencies, and its strongest arguments are their obvious errors and lack of equity. IT IS NOT A METHOD OF GOVERNMENT.

PRIVATE OWNERSHIP IS, AND MUST ALWAYS BE, A FIXED HUMAN INSTITUTION.

THE FUNCTIONS OF GOVERNMENT.

The functions of the state, in the process of their administration, must necessarily recognize industrial and economic conditions, and it is a part of the duty of the State to protect and regulate these conditions in their internal as well as their external relations, so far as it involves the integrity of territory, the reign of law, and the administration of justice "for ourselves and our posterity."

It may foster enterprise and the growth of industries, but it must not embark in either; it may recover its title to the natural facilities of production at their market value and should recover its title to its natural right of way in the transportation of all necessary public utilities, as

well as staple economic commodities; it may acquire lands and hold them in trust for the members of a productive industrial community, and for the protection of the entire commonwealth, and it may lease these lands, subject to proper economic regulations, to the highest bidder in the open market, if such measures are found to be necessary.

In transportation, the state should, in granting charters, define its right of way, and also the rights, duties and obligations of the common carrier. The value of the right of way, thus defined by the State, would, if expressed in money terms equivalent to its actual value, be an asset to the community instead of a liability on which interest or dividends, or both, must be paid from the excess over equitable rates on freight and traffic. It is the present excess in rates that affords the margin against which passes and freight rebates are issued, without risk of detection, for the joint or several purposes of private gain, corporate monopoly and political corruption.

The elimination of the right of way (which under the ancient laws of roads belongs to the State) from the schedule of assets, under the designation of "Appraised Value of Franchise", or equivalent terms, would leave, as the only basis for the issue of railway or similar stocks and bonds, the actual value of the equipment and its earning power under an equitable lease, and tend to secure to the community the great advantage of a correct valuation of the common carrier's rights and of public service corporation franchises.

Under these conditions the State would lease at the highest market price the privileges now

commonly given away in the form of franchises, which are too frequently obtained through the "Third House": It would receive the market value of the privileges it assigned or leased, but it would not embark in the carrying of passengers or freight, the building or equipment of railways, or in any other form of commercial traffic. The same principle applies to all franchises issued to public service corporations.

A constitutional government cannot consistently give a franchise, authorize its capitalization and permit its sale in the form of stocks and bonds, at a valuation based on its earning power as a monopoly, and then, by means of inter-state commerce or other commissions of inquiry or equivalent forms of arbitrary legislation, fix the rates to be charged for the service of which the franchise has already given an unconditional monopoly, and on the basis of which the unfortunate holder of the uncertain securities thus created has purchased his interest. **The protection of the innocent third party is a fundamental principle of the system of civil law that our constitutional government has undertaken to establish**

Our Federal Civil Government finds expression through three distinct branches; the Legislative, the Executive and the Judicial; their final interpretation, the law, which is considered the perfection of human reason, holds, as its fundamental basis, that the purity of the judiciary is the strongest safeguard of our institutions. Under our system of jurisprudence a Judge or a Juror is not allowed a voice, in a court of justice, in the decision of a cause in which he is involved as a

party in interest, as a stockholder or otherwise. The principle involved in this rule applies in theory, if not in practice, to the other branches of our Civil Government. The absolute separation of civil legislation and of executive administration from individual and personal relations to the machinery for the production of wealth is at least as essential to the legislative and executive departments as it is to the more carefully selected judicial branch.

THE FUNDAMENTAL PRINCIPLES OF TRUE ECONOMIC GOVERNMENT.

The law of supply and demand has failed of its natural operation because of monopolistic combinations of labor, capital and management formed to defeat it. Through the operation of the natural law of development, producers and consumers, buyers and sellers, as well as their employes, now realize that it is necessary for their own protection to co-operate, combine and confederate for the common good, under one system of management, but there is lacking a plan that can be practically applied.

Monopolistic organizations of capital, labor and management, being an established fact, SHALL SUCH ORGANIZATIONS BE PUBLIC AND POLITICAL, OR PRIVATE AND SUBJECT TO PUBLICITY AND ECONOMIC CONTROL? This is the great question now before the American people. If private, and not regulated with due regard for equity, they are plutocratically economic; if they are to be supplanted by government ownership and management, they become socialistically economic: and in the history of nations

these systems have been "weighed in the balance and found wanting," for the reason that they do not work both ways.

What is needed is a system based on *Justice, †Equity and Unity, that will prove all things, hold fast to all that is best in the old, accept all that is best in the new, and avoid the inequalities and extremes of both.

The final aim and purpose of all members of a community of productive industries should be directed towards the establishment of these principles in their economic systems, if they desire mutual prosperity and its enjoyment in peace and good will.

The highest efficiency of such a community consistent with justice and equity to the factors in the production of wealth, can be reached only by the organization of its members on an industrial basis, under a federal system of government that will separate Industrial Economics from Civil Government, establish Justice and Unity and determine

"*JUSTICE is a written or prescribed law to which one is bound to conform and make it the rule of one's decisions. †EQUITY is a law in our hearts; it conforms to no rule, but to circumstances and decides by the consciousness of right and wrong. The proper object of Justice is to secure property; the proper object of Equity is to secure the rights of humanity. Justice is exclusive, it assigns to everyone his own; it preserves the subsisting inequality between men; Equity is communicative; it seeks to equalize the condition of men by a fair distribution. Justice is inflexible; it follows one invariable rule, which can seldom be deviated from, consistently with the general good. Equity, on the other hand, varies with the circumstances of the case, and is guided by discretion." (Crabb's English Synonyms.)

Equity in distribution; insure the regulation of exchange on the basis of an equitable ratio between supply and demand, exclude improperly related (or foreign) capital and labor, and substitute the basic principles of true economic government for primitive commercial rivalry.

AN ANNOUNCEMENT.

After years of research and study in the most important branch of Political Economy, Industrial Economics, in the search for a system for the regulation of economic relations, I beg to announce the successful completion of my task, and the discovery of a plan for the mutual protection and benefit of all concerned. Its basis will be mathematically exact. In operation it will be scientific and practical from an economic, ethical or a business view-point. It will foster organizatons helpful to the organized and to the entire economic community of productive industries, without giving cause for government interference. It will tend to secure the repeal of all legislation obstructing beneficial combinations for true economic purposes and to correct the abuses of trusts, tariff and labor, by the separation of Civil Government from Industrial Economics, to the purification of both. Finally, it will correct the present tendencies towards extreme government Paternalism, on the one hand, and towards government management of business enterprises, or Socialism, on the other.

The system, briefly described, means a sure solution of the complicated problems of economic relations. It will bring harmony out of confusion, protect the rights and increase the dignity of commercial genius, and make American labor the most contented representative of

industrial progression in the history of civilization, and it is offered to the American people as a defence against the real dangers that threaten our system of government.

It recognizes the reasonable claims of labor to a just consideration of its rights; it recognizes, also, the disposition of employers to grant such rights through reasonable processes.

It includes a practical system that will insure the freedom of our institutions, in an economic sense, and, to our citizens, the enjoyment of liberty with the protection of the law, and individual freedom with submission to duly constituted authority. These are fundamental principles of true economic government. Their practical application to our industrial relations is THE ONLY WAY OF ESCAPE FROM ECONOMIC CRISES.

THE PLAN.

A FEDERAL INDUSTRIAL GOVERNMENT.

A System Providing for Combinations of Labor, Capital and Management, in Conformity with Economic and Civil Law, Under the Supervision of a Federal Industrial Government Similar in its Organization and Principles of Representation to our Federal Civil Government.

The plan provides for the inauguration of a Federal Industrial Government for the UNITED PRODUCTIVE INDUSTRIES OF AMERICA, similar in organization, as to its three branches, the Legislative, the Executive and the Judicial, and in principles of representation, to

our Federal Civil Government, and having for its purpose the supervision and economic regulation of the community of productive industries included within the territorial limits of the United States of America.

It will undertake the examination of the relations of the productive industries to all Federal civil legislation directly affecting the economic welfare of the industrial community, including tariff, trust and inter-state commerce regulations and laws as to immigration and foreign contract labor. The laws of the various states affecting labor and capital, the authorization of stock companies, and especially of companies holding franchises giving them virtual monopolies of transportation, lighting, water supplies, including irrigation, and public service utilities generally, will receive its careful attention. It will undertake to secure sound legislation throughout the various states on the subjects of child labor and convict labor, and will exert a powerful influence for the correction of abuses resulting from careless and pernicious legislation.

THE LEGISLATIVE:

In its legislative capacity it will undertake to formulate the laws governing its members in their economic and industrial relations.

In all matters of economic welfare it will encourage the representation of the interests involved, and this representation will be in the form of a FEDERAL INDUSTRIAL CONGRESS, which shall be representative in its capacity, permanent in organization and equitable in purpose.

The organization of the Federal Industrial Government must necessarily be the act of a representative constitutional convention assembled for that purpose, and having properly delegated authority. Details as to methods of nomination and election of Representatives, including the plan for the organization of capital, labor and management, would be submitted for the approval of this delegated convention. It may be stated here, however, that the form of representation will be as to the various productive industries rather than as to territorial districts, and, in point of numbers, it will therefore be smaller than the Federal Civil Congress. An equitable ratio of representation is pledged as to capital, labor and management, provision being made for the representation of members of the industrial community lacking organization.

To illustrate the principles of representation, and taking for example the cotton industry: "The State of Cotton and Cotton Fabrics" would be parallel to a civil state, and have an administration, a senate and an assembly, and representation in the Federal Industrial Congress. Local members of this industry would be represented in a local industrial council, which would be parallel to the municipal form of government. The system provides for the establishment of Industrial Councils in all cities and towns in the United States, thus affording to capital, labor and management, local representation.

Members of the industrial "State of Railways and Transportation" in the cities and towns of a civil state would have representation in each

~~transportation of all necessary public utilities, as~~ local industrial council.

As to the "State of Realty and Construction," those who are employed in associated industries, and who are usually classed as being in the buildings trades, would organize under their own proper industrial states.

THE EXECUTIVE:

It is suggested that the executive shall be comprised of a committee of three members, representing the three departments of government, who shall be chosen as follows: The representative of the Legislative Congress shall be elected by a majority vote of all delegates of the United Productive Industries of America; the representative of the Judiciary shall be elected by a majority vote of the members of the Supreme Court, or Board of Adjudication, that is, by the highest tribunal of the United Productive Industries of America; the Chairman, directly representing the Executive Branch, —the President of the United Productive Industries of America,—shall be chosen by a majority of the direct votes of all members of the United Productive Industries of America who shall be in good standing at the time that such votes shall be cast.

This suggestion is, of course, tentative, and submitted for general consideration, the theory being that a single chief executive involves excessive centralization and individual power. The details, including organization of primaries for the nomination of delegates and for the nomi-

nation and election of the more responsible officers, will, as previously stated, be referred to the proposed constitutional convention.

THE JUDICIARY:

As a parallel to the Federal Judicial System there would be a system of industrial tribunals, comprising a supreme arbitration tribunal, with inferior tribunals in the several industrial states, and local tribunals for the settlement of all disputed questions of equity and the adjustment of all controversies and misunderstandings between members of combinations and business interests, when no question of legal right was involved. When a legal question was involved, it would have power to determine a working basis, pending decision by the civil courts.

The presiding officer of the Supreme Arbitration Tribunal would be vested with powers similar to those of the Secretary of the Department of Commerce and Labor of the United States, and the presiding officers of the inferior tribunals would be vested with like power within the jurisdiction of their respective industrial states and localities.

OTHER DEPARTMENTS.

In addition to the supreme and inferior tribunals, there would be established a National Securities Exchange for the custody of combination agreements and securities of owners combining

their capital under a Federal Security System,* a National Produce Exchange, and a National Labor Exchange, all having State and local branches, for the determination of equitable and just prices, wages, rates for money, etc., and for the purpose of establishing a true ratio between supply and demand.

CONCLUSION.

Under community combinations the element of hazardous risk in business enterprise can be minimized, and the equities of capital, labor and management determined, although their respective claims cannot be mathematically adjusted until commercial rivalry has been abolished, community combinations established and their various interests brought under the control of the Federal Industrial Congress through their respective representatives.

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*The Federal Security System referred to was devised by Mr. James Madison Lively, of the Federal Bond and Surety Company of New York, to whom the writer acknowledges his indebtedness for the suggestion of a Federal Industrial Government. This system is a plan by which business enterprises can lawfully combine their capital with security to all interests against fore-closures, re-organizations, unnecessary assessments, exorbitant salaries to holders of majority interests, and discriminating measures against minority stockholders and minor interests generally. It has the advantage of having been worked out by a practical business man and banker, and has received the approval of some of our most conservative financial institutions. In this connection, I desire also to acknowledge the editorial services of Mr. A. Dickinson Romain, whose knowledge of Political Economy as an applied science and of constitutional law has been of inestimable value.

The bounds of Equity being clearly defined, and Industrial States and Local Councils organized and brought under the supervision of a central system of government, all the members of our industrial communities can combine to carry on large undertakings in conformity with our present state and national laws, with protection for all concerned, without giving occasion for interference by Government, as in the Northern Securties and other well known cases, and **without the present need for concealment of business methods, and of equitable profits.**

American citizens are not unreasonable. The tendency of American employers and American wage-workers is towards universal good-will, the uplifting of society and a security of the common welfare. The accomplishment of these ends is an Herculean task which can be truly appreciated when we go back to primitive mankind and follow its social evolution up to the present stage of imperfect civilization, for which imperfection no one class of modern society is responsible. Our economic defects are the cumulative results of the errors and circumstantial necessities of our predecessors, and it is the imperative duty of the present age to study the past carefully before it condemns the status of any phase of present social conditions.

There is good reason to believe that we have passed the experimental stage in the conquest of economic error, and that all the antagonisms of industrial, commercial and financial conflicts are about to be dissolved into the peaceful solution of universal Justice, Unity and Equity.

COMMENTS OF THE PRESS.

THE NEW YORK SUN.

Editorial, November 26, 1904.

"An Outlook Which Seems Happy."

"The last election seems to have had one happy result.

"Like the elections of 1896 and 1900, it was not a partisan victory, for both parties contributed to it, as was made so plainly evident by the poll for Mr. Roosevelt in this town.

"Consequently the election has made possible a large, temperate and reasonable discussion of questions of politics which once stirred the bitterest and the least profitable and enlightening form of controversy.

"The tariff question, the Southern question, financial, industrial and all other great domestic and international questions and problems can now be discussed in Congress, by newspapers and by the people with a view rather to their wise solution than to the promotion of any assumed partisan interest purely.

"That is, the American people were never so open to reasonable argument as they are now. Never were they so magnanimous in spirit, so tolerant, so free from the bias of prejudice fatal to fair and generous judgment.

"It looks as if we were entering on a period in which controversy for the sake of controversy and because of mere pride of opinion would give place to a search for reasonable grounds of agreement."

From an Editorial, November 29, 1904.

"For unionism, conducted along proper lines toward legitimate ends, the country is entirely ready and the time entirely ripe; but a ruinous upheaval would follow the general adoption by organized labor of the revolutionary doctrines which emanate from that Cave of Adullam known as Socialism."

THE EVENING MAIL.

Saturday, December 17th, 1904.

"A BETTER TEMPERED PEOPLE."

"Senator Knox said a true thing simply and finely at the Pennsylvania Society dinner this week:

"'It is evident that the American people now approach great questions not only with greater breadth of view, but in better temper—that is, with more tolerance for the other point of view. Difficulties that were formerly thought to be unsolvable are now solved. The arbitrator is now, to a large extent, doing the work of the bludgeon and the lock-out, and, notwithstanding some vicious and powerful agencies working to encourage class divisions among the people, I believe there is more true democracy of feeling and action now than at any time in our history.'

"**'There is more true democracy of feeling and action now than at any time in our history'**—the statement deserves to be lifted out of its context because the problems before the American people are not small ones and because their solution is complicated by 'vicious and powerful

agencies working to encourage class divisions.' Nevertheless the people are showing greater breadth of view and a more tolerant temper in approaching every public subject than at any time in their history.

"Three conspicuous illustrations of this assertion suggest themselves—tariff revision, the attitude of the State toward organized wealth, the Southern race question. There is an element that is clamoring for radical action on each of these matters and using the language of incendiarism; but the people refuse to be forced off their feet about any of them.

"Fairness for all, contempt for narrow partisanship as something undignified and outworn, a desire to prove thoroughly all things that are new and hold fast all that is good in the old —are these not the salient notes in American citizenship? It may have a lot to learn, but at least its temper is admirable."

THE NEW YORK WORLD.

Saturday, January 21, 1905.
Editorial.

"Mr. Belmont and Municipal Socialism."

"'Municipal operation of a transportation system is a mistaken policy,' said August Belmont in his interesting speech at the dinner of the Chicago Real-Estate Board. Mr. Belmont does not object to municipal ownership of public utilities. He rather approves of it. It is municipal operation of these utilities which he protests against.

"Theoretically at least Mr. Belmont is right. American cities have already undertaken more government than they can adequately administer. Any enlargement of functions is not to be lightly encouraged; but there is another side to the cloth for all that.

"The movement in the direction of public ownership and operation of utilities is merely a symptom of long-standing corporation abuses. Cities are being driven into this business as a choice of evils.

"A decade ago practically all municipal lighting was done by private corporations. Excessive charges, poor service, fraudulent contracts and political corruption on the part of the lighting companies aroused so much resentment that certain cities made the experiment of establishing public lighting plants. The results have been sufficiently satisfactory to encourage other cities to do the same.

"In Chicago, where Mr. Belmont was speaking, there is a strong sentiment in favor of the city's owning and operating its street-railway lines. This question is the leading issue in local politics.

"The people are tired of the poor service, the high fares, the stolen franchises and the debauched Common Councils for which the street-car companies are responsible. They have seen the public franchises which they gave away capitalized for millions of dollars; they have seen the public-service corporations manipulated exclusively in the interests of promoters and stock gamblers, regardless of the people's rights. They have had to endure antiquated rolling stock, inadequate schedules and a demoralized service be-

cause companies that could earn big dividends on the actual investment were swamped in watered bonds and watered stock.

"New York has seen the same thing, and the Brooklyn Rapid Transit Company furnishes one of the most shameless examples known to the country of high-finance looting of public rights.

"These are the abuses that are quickening the demand for municipal ownership and operation of public utilities. People are beginning to believe that any change is bound to be for the better. They are so sick of being robbed that they look kindly upon any expedient that offers even a shadowy promise of relief.

"If Mr. Belmont wishes to check the movement toward municipal operation of public utilities in New York he can do it in no better way than to give the people the kind of transportation service they want. He might begin by restoring the former service on the elevated roads. He should remember that every strap-hanger is likely to be an embryo Socialist."

THE PEOPLE MUST BE HELPED TO A MORE RATIONAL UNDERSTANDING OF THE BASIC PRINCIPLES OF INDUSTRIAL ECONOMICS, AND OF HOW THEY CAN BE ESTABLISHED, LEST A RUINOUS UPHEAVAL OVERTAKE US.

Powerful press support is now being given to a concerted effort towards the organization of Municipal Ownership Leagues for overthrowing the monopoly of public service utilities, by means of municipal ownership and management, and, in many other directions, socialistic tendencies

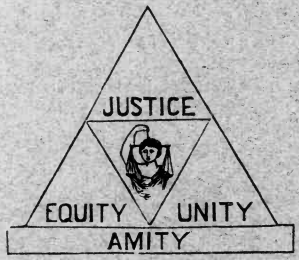
are gaining in power. The more conspicuous examples of abuses by monopolies have become intolerable; the attempts at legislative and executive regulation have been unfortunate, as well in their inadequacy as in the consequent impairment of confidence and respect for Government, which has been aggravated by extreme constructions of constitutional powers.

The minds of men everywhere are seeking, as never before, the solution of the problems of economic freedom and of industrial independence, and it is important that copies of this monograph be placed in the hands of every leader of thought in the various trades and professions throughout the country, to help the people to a more rational understanding of the basic principles of Industrial Economics, and to show them how these principles can be established without resort to the uncertain remedy of constitutional changes secured through biased political representation.

Correspondence is cordially invited from all who are interested in our National and Industrial welfare. It is desired that all inquiries on this subject be made by letter only, addresed to me at 45 Broadway, New York.

THOMAS COCHRAN.

CAPITAL



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